

**Maryland Port Commission
Open Session Minutes
October 4, 2022**

The Three Hundred and Ninety-First Session of the Maryland Port Commission was called to order at 10:00 am by Deputy Secretary of Transportation Sean Powell. The Commission met in Open Session from 10:00 am until 10:55 am in the Stanton Room, 20th floor, World Trade Center, 401 E. Pratt Street, Baltimore, MD 21202.

Present: Deputy Secretary Powell and Commissioners Dandy (telephone), Dean, Huber, Lunn, McDonald, and Richardson.

Staff: William Doyle (Executive Director), Brian Miller (Deputy Executive Director, Operations and Logistics), Robert Munroe (Deputy Executive Director, Administration and Environment), Christina Nichols (Chief of Staff), Phil Whaling (Principal Counsel), Richard Scher (Director of Communications), Dominic Scurti (Director of Planning), Dave Espie (Director of Security), Kristen Fidler (Director of Harbor Development), Steve Johnson (Director of Engineering), Wonza Spann-Nicholas (Director of Finance), Richard Powers (Director of Marketing), Bradley Smith (Director of Maritime Commercial Management & Strategic Initiatives), Jennifer Guthrie (Legislative Manager), John Thornton (Manager of Procurement), Trisha O'Neal (Assistant Manager of Procurement), Margie Koppelman (Procurement), and Krystal Jones (Executive Office).

Minutes of the Three Hundred and Ninetieth Open and Closed Session Meeting

Commissioner Richardson moved to approve the Open and Closed Session Minutes of the Three Hundred and Ninetieth Port Commission meeting. Commissioner Dean seconded the motion. The Commission then voted unanimously to approve the Open and Closed Session Minutes.

Executive Director Update, William Doyle, Executive Director

Mr. Doyle gave the commission a detailed briefing at the July port commission on the issues facing the maritime industry and wanted to provide an update on the macroeconomic factors in maritime-connected transportation. Long-stalled automotive supply chains are recovering. Sales at General Motors (GM) jumped 24% in the third quarter. GM had 359,292 vehicles with dealers at the end of the third quarter, up 111,453 vehicles from the previous quarter and nearly triple the inventory from a year ago.

More cars are rolling off assembly lines to dealer lots after two years of semiconductor shortages and other supply problems. Sales at some auto makers fell last quarter, which the companies blame on their own tight inventories. More cars appear to be on the way: motor vehicle and parts loads at U.S. railroads rose at a double-digit pace in September, according to the Association of American Railroads. Auto manufacturers and dealers are trying to assess consumer demand in terms of how long consumers are willing to wait for a new vehicle and the appropriate number of vehicles to have as inventory in dealer showrooms.

A significant consumer pullback is showing up in ocean shipping, with logistics managers seeing a 20% drop in ocean freight orders for the months of September and October.

The decline in demand cuts across many products, including machinery, housing, industrial and some apparel. The reason is a combination of too much inventory coupled with a lack of clarity on consumer demand.

In apparel and footwear, executives say there is no definitive trend, though inventory issues are becoming more prevalent. Nike's overstock problems announced last week in its earnings, impacted its stock price. Nike will discount items to move them, and those promotions will weigh on its profitability for the coming quarters. Nike's stock tumbled 11% during afternoon trading this past Friday.

Seko Logistics told CNBC that orders for expensive items like smart parcel lockers, integrated server racks, ultrasound machines, and time-sensitive cargo like retail displays are still strong.

DHL Ocean Freight said it is not currently seeing any indication of a 20% drop off in orders. It expects demand to be flat in October with no rush anticipated in the build up to the Chinese national holiday of Golden Week.

Ocean Rates Declining and Blank Sailings

HSL Logistics said its vessel cuts were nearly 50% and that the pullback in vessel capacity may continue into 2023 until demands pick up before the Chinese New Year, which is in late January. It will take time for the cut in capacity to stop the freight rate slide. According to Freightos Logistics Company, Asia-US West Coast prices (FBX01 Daily) fell 8% to \$2,978/Forty Equivalent Units (FEU). That rate is 82% lower than the same time last year. Freight prices for the Asia-US East Coast route (FBX03 Daily) decreased 5% to \$6,952/FEU, and are 63% lower than the rates for this week last year.

Europe Business Travel

Mr. Doyle also reported on his recent business trip to Europe with Rick Powers, MPA Director of Marketing. Mr. Doyle and Mr. Powers met with Mediterranean Shipping Company (MSC) in Geneva, Grimaldi in Naples, Wallenius Wilhelmsen (WW) in Oslo and Metsä in Helsinki.

The majority of executives stated their major focus is environmental in relation to fuel. WW has plans to make the Port of Baltimore its flagship port by 2025, and anticipates plug-in electrical capability at the dock. In place of exceedingly expensive upgrades to the electrical infrastructure at the MPA terminals, the ships electrical needs while docked could be met using hydrogen fuel cell trucks thereby allowing the ships to shut down their engines.

Mr. Doyle reported that Grimaldi is far ahead of the game with feeder vessels (roro) that are battery operated and produce zero emissions at dock, he also said that solar panels are used to generate electricity for the living quarters on the ships.

Mr. Doyle stated that the private sector is telling us that this is what they expect from the ports they call upon. Mr. Doyle informed the commission that one out of ten vehicles in Norway are electric and that the MPA needs to turn our attention to electrification.

Procurement Department Staffing And Overview, John Thornton

Bob Munroe, Deputy Executive Director, announced that he was happy to report that the Procurement Department is now fully staffed with a very experienced staff. Mr. Munroe reported that John Thornton, MPA Procurement Manager, is the best procurement officer in the state and the right staff starts with leadership. Vacancies are a huge issue in the state and to have a fully staffed Procurement department speaks volumes about John's leadership.

John Thornton followed by introducing and highlighting the talents of his staff, including Trisha O'Neal and Margie Koppelman who were present, and the recently-hired Mark Riesett and Jenilee Jay. Mr. Thornton then presented an overview of the Procurement Department which included the following highlights:

- Procurement department organizational chart.
- State Procurement Control which includes General Assembly, Board of Public Works, Primary Procurement Units and other agencies.
- Authority of Primary Procurement Units to include Maryland Department of Transportation (MDOT), Maryland Transportation Authority (MdTA), Maryland Port Commission (MPC), Department of General Services, and the Treasurer.
- Board of Public Works delegation to the MPC (can award without BPW approval if contract value less than \$200,000 or within established value limits for specific contract types)
 - Construction
 - Construction related services
 - A/E Services
 - Maintenance
 - Service, including IT services
 - Supplies – unlimited delegation (excluding single items of equipment over \$200,000)
 - Sole source - \$100,000 or less
 - Single bid or offers - \$50,000 or less
 - Leases of real property – rent per year of \$50,000 or less (and not from general fund)
 - Modifications
 - Non-construction:
 - Do not materially change contract scope,
 - Individually do not change the amount or any cost component by >\$50,000,
 - Exercise an option of \$200,000 or less.

- Construction
 - \$200,000 or less
- Change cargo/equipment handling rates in stevedoring or terminal services contracts approved by BPW when the modification, individually or in combination with previous modifications, does not change price of original contract by more than 20%.

The commissioners thanked Mr. Thornton and his staff for the great job they perform for the MPA.

Maryland Port Commission Report to the Legislature

Jennifer Guthrie informed the commission that after further review of the MPC Report to the Legislature that was approved at the September Port Commission meeting, Commissioner Richardson requested edits to the Executive Summary which are shown in the attached revised MPC Report.

Deputy Secretary Sean Powell asked if the commission had any questions; no questions were asked. Deputy Secretary Powell asked for a motion to approve, Commissioner Richardson moved to approve the Maryland Port Commission Report to the Legislature with the attached edits, and Commissioner McDonald seconded the motion. The Commission approved the report unanimously.

Adjournment

There being no further business, a motion to adjourn was made by Commissioner McDonald and seconded by Commissioner Huber. The motion carried unanimously. The meeting adjourned at 10:55 am.